

Message Text

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ACTION EA-09

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TO SECSTATE WASHDC 1693
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E.O. 11652: N/A

TAGS: EAGR, OVIP, ID

SUBJECT: SUHARTO-BERGLAND MEETING

1. SUMMARY: IN MEETING WITH INDONESIAN PRESIDENT SUHARTO JUNE 11, SECRETARY AGRICULTURE BERGLAND CONVEYED GREETINGS PRESIDENT CARTER, EXPLAINED US WILLINGNESS CONTINUE PL-480 HELP, SPOKE OF REVIEW OF US AGRICULTURAL POLICY, PALM OIL AND OF PLANS FOR WORLD FOOD SECURITY SYSTEM. SUHARTO RESPONDED WITH APPRECIATION, STRESSED IMPORTANCE US ASSISTANCE, EXPRESSED GROWING INDONESIAN SELF-SUFFICIENCY BUT NEED FOR TRANSMIGRATION FROM JAVA, VOICED HOPE THAT INDONESIA CAN GRADUALLY DO WITH LESS AID. END SUMMARY.

2. PRESIDENT SUHARTO RECEIVED SECRETARY BERGLAND FOR 45 MINUTE MEETING JUNE 11. PRESENT ALSO WERE AMBASSADOR NEWSOM CONGRESSMEN SIBELIUS, BALDUS, AND MCHUGH, MINISTER OF AGRICULTURE THEYIB, AND CHIEF BULOG GENERAL ARIFIN.

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3. PRESIDENT, IN WELCOMING SECRETARY, SAID HE CONSIDERED VISIT VERY IMPORTANT. EIGHTY PERCENT OF INDONESIA'S POPULATION CONSISTS OF FARMERS AND GOI PLACES HIGH PRIORITY ON IMPROVING THEIR INCOME AND WELFARE. GOI IS ATTEMPTING IMPROVE AGRICULTURAL YIELD THROUGH INCREASED FERTILIZER AND PESTICIDE USE AND GREATER IRRIGATION. GIVEN TRADITIONAL

WAYS OF FARMERS, THIS WILL NOT BE EASY. BEGINNING HAS BEEN MADE TOWARD INDONESIAN SELF-SUFFICIENCY IN UREA FERTILIZER. PRODUCTION, NOW 1.5 MILLION TONS ANNUALLY, WILL RISE TO 2.5 MILLION TONS BY 1979, GIVING INDONESIA EXPORTABLE SURPLUS. SIMILAR RISE ANTICIPATED IN AGRICULTURAL SEED PRODUCTION.

4. PRESIDENT STRESSED IMPORTANCE OF RICE IMPORTS IN CONTROL OF PRICE. GIVEN OTHER FOREIGN EXCHANGE NEEDS, PRESIDENT SAID FOOD AID THROUGH IGGI (INTERGOVERNMENTAL GROUP ON INDONESIA) AND, PARTICULARLY, PL-480 VERY IMPORTANT. WITH THIS HELP AND, BARRING UNEXPECTED NATURAL DISASTERS, INDONESIA CAN MEET DEVELOPMENT TARGETS. REFERRING TO FACT THAT LAND AREA PER FARMER ON JAVA NOW REDUCED TO ONE-HALF HECTAR (1 ACRE), PRESIDENT SPOKE OF NEED FOR TRANSMIGRATION OF POPULATION FROM JAVA TO OUTER ISLANDS. WHILE ACKNOWLEDGING DIFFICULTIES IN COST, PREPARATION AND TRANSPORT, PRESIDENT SAID IT MUST BE DONE: "IT IS IMPOSSIBLE TO CONTINUE THE SITUATION ON JAVA FOR ANOTHER GENERATION."

5. IN RESPONSE, SECRETARY BERGLAND CONVEYED WARM PERSONAL GREETINGS PRESIDENT CARTER. FACT HE WAS MAKING HIS FIRST TRIP ABROAD AS SECRETARY TO THIS AREA TESTIFIED BOTH TO IMPORTANCE US ATTACHED TO AREA AND TO SUBJECTS TO BE DISCUSSED. US WOULD CONTINUE PL-480 HELP TO INDONESIA BECAUSE INDONESIA HAD MADE GOOD USE OF SUCH ASSISTANCE.

6. SECRETARY EXPLAINED THAT US FOOD LEGISLATION BEING LIMITED OFFICIAL USE

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REVIEWED. PL-480 ORIGINALLY WAS INTENDED TO DEAL WITH SURPLUSES; IT WORKED WELL WHEN US HAD SURPLUSES. WHEN US NO LONGER HAD SURPLUSES, COUNTRIES DEPENDENT ON PL-480 SUFFERED. ADMINISTRATION NOW DISCUSSING POSSIBILITY SETTING ASIDE FOOD FROM STOCKS FOR PL-480 SUPPLY, THINKING ON ORDER 2-6 MILLION TONS WHEAT AND RICE. US THIS YEAR HAS LARGEST STORES ON RECORD. RAINS CAME IN TIME AND CROP WILL AGAIN BE GOOD. US WILL HAVE LARGEST CARRY OVER IN RICE. SOYBEANS INCREASING; CROP WILL BE 2 MILLION TONS ABOVE LAST YEAR. SECRETARY SAID HE DOES NOT BELIEVE PALM OIL REPRESENTS THREAT BECAUSE ALL PROTEINS NEEDED, BUT PALM OIL EXPANSION DOES REPRESENT TEMPORARY POLITICAL PROBLEM IN US.

7. BECAUSE WORLD'S ABILITY TO FEED SELF IS SO IMPORTANT, US IS PREPARED PROVIDE FINANCIAL AND TECHNICAL HELP, WITHOUT STRINGS. US DOES HAVE PROBLEMS, HOWEVER, AND HAS GONE FROM TRADE SURPLUS TO SEVERE TRADE DEFICIT, LARGEMLY BECAUSE OF HIGH COST OF OIL IMPORTS. PRESIDENT

HAS ANNOUNCED PLANS TO CHECK DEFICIT; HE WANTS, HOWEVER,
TO HAVE MINIMUM INTERRUPTION IN NORMAL TRADE.

8. SECRETARY SAID HE WOULD BE PRESENTING TO WORLD FOOD
CONFERENCE MEETING IN MANILA AND IN SUBSEQUENT COMMODITY
DISCUSSIONS NEW POLICY COMMITTING US TO WORLD FOOD
SECURITY SYSTEM DESIGNED TO KEEP FOOD ASIDE FOR BAD YEARS.
THIS WILL INCLUDE DISCUSSION POSSIBILITY AGREEMENT
BETWEEN PRODUCING AND CONSUMING COJNTRIES ON MINIMUM
PRICES. WORLD CANNOT LET PRICES FALL TO POINT WHICH
WOULD DESTROY PRODUCING COUNTRY. US HOPES FINANCING
SYSTEM CAN BE ESTABLISHED TO PREVENT BOOM AND BUST CYCLES.

9. REFERRING TO PL-480, SECRETARY SAID US WANTED TO
SEE THIS ASSISTANCE USED MORE AND MORE AS DEVELOPMENT
TOOL. US WILL CONTINUE TO USE FOOD UNDER THIS AUTHORITY
IN EMERGENCIES, BUT US ALSO LOOKING FOR WAYS IT CAN BE
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USED TO IMPROVE ECONOMIES AND PROVIDE JOBS.

10. SUHARTO THANKED SECRETARY FOR EXPOSITION AND FOR NEWS
ONCONTINUATION PL-480 ASSISTANCE. HE STRESSED IMPORTANCE
THIS HELP FOR TOTAL DEVELOPMENT BECAUSE IF AGRICULTURAL
PRICES NOT STABILIZED THERE IS LESS MONEY FOR OTHER
EXPANSION, INCLUDING INDUSTRIAL GROWTH BECAUSE GOVERNMENT
WOULD THEN NEED SUBSIDIZE FOOD. SUAHARTO SAID INDONESIA,
TOO, EVENTUALLY HOPES TO BE ABLE TO CONTRIBUTE TO WORLD
FOOD NEEDS THROUGH SELF-SUFFICIENCY. INDONESIA WILL NOT
NEED AID PERMANENTLY; PRESIDENT HOPES IT CAN BE GRADUALLY
DECREASED THROUGH INCREASED NATIONAL REVENUES FROM
AGRICULTURAL AND INDUSTRY.
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